

BANKING AND FINANCIAL AWARENESS

GK Digest



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RBI BARS PAYTM PAYMENTS BANK FROM ACCEPTING DEPOSITS AFTER FEBRUARY 29

Current Context: The Reserve Bank of India (RBI) did indeed bar Paytm Payments Bank (PPBL) from accepting deposits and credit transactions after February 29, 2024.

KEY FACTS

- This was **due to "persistent non-compliance" and "material supervisory concerns"** identified by the RBI.
- Here are some key points to remember:
 - **Effective date:** The restriction on deposits and credit transactions took effect on March 1, 2024.
 - **Reason for the ban:** The RBI cited non-compliance with regulations and supervisory concerns identified in an external audit report.
 - **What's affected:** PPBL cannot accept new deposits, top-ups, or carry out credit transactions in any customer accounts, wallets, FASTags, etc. However,

withdrawals and utilization of existing balances are permitted.

- **Future of PPBL:** The current status of PPBL is unclear. The future course of action will depend on how PPBL addresses the RBI's concerns and seeks regulatory approval.

GOVT TO RECEIVE RS 1.02 LAKH CR AS DIVIDEND FROM RBI, PSBS IN FY25

Current Context: The government has projected a dividend income of Rs 1.02 lakh crore from the Reserve Bank of India (RBI) and public sector financial institutions for the financial year 2025.

DETAILS

- This is **slightly lower than the estimated Rs 1.04 lakh crore** that the government is set to earn in the current fiscal year.
- The **increase in the current fiscal year's estimate** is due to the **RBI paying a dividend of Rs 87,416 crore** in May last year.
- In addition to the **dividends from the RBI and public sector banks, the government also expects to receive dividends** from Central Public Sector Enterprises (CPSEs).
- The **total dividend income from the RBI, public sector banks, and CPSEs** is projected to be **Rs 1.50 lakh crore** for the next financial year.
- This **higher dividend income, along with improved tax mobilisation**, is expected to help the government achieve its fiscal deficit glide path.
- The government **aims to reduce the fiscal deficit to below 4.5% by 2025-26 from 5.1% of GDP** in 2024-25.

RBI REVISES NORMS FOR UCBS INCLUSION IN SECOND SCHEDULE, RBI ACT, 1934

Current Context: The Reserve Bank of India (RBI) has revised the eligibility norms for the inclusion of Urban Co-operative Banks (UCBs) in the Second Schedule to the RBI Act, 1934. The revisions are aimed at aligning these norms with the Revised Regulatory Framework.

KEY HIGHLIGHTS

- **Here the details:**

- **Revised Norms for UCBs Inclusion in Second Schedule, RBI Act, 1934:** The RBI has revised the eligibility norms for the inclusion of Urban Co-operative Banks (UCBs) in the Second Schedule to the RBI Act, 1934. The new norms are in line with the Revised Regulatory Framework. The eligibility criteria for UCBs now include a Capital to Risk (Weighted) Assets Ratio (CRAR) that is 3% above the minimum requirement, and no major regulatory concerns. These revised instructions are applicable to all Commercial Banks (including RRBs) and all Co-operative Banks and shall come into effect from April 1, 2024.
- **Advance Payment for Gold Import via IIBX by TRQ Holders:** The RBI has allowed Tariff Rate Quota (TRQ) holders under the India-United Arab Emirates (UAE) Comprehensive Economic Partnership Agreement (CEPA) to remit advance payment for eleven days for the import of gold through the India International Bullion Exchange IFSC Ltd (IIBX) against the TRQ. This decision is aimed at facilitating the import of gold by TRQ holders.

UPI HAS BEEN FORMALLY LAUNCHED AT EIFFEL TOWER IN PARIS, FRANCE

Current Context: The Unified Payments Interface (UPI), a revolutionary payment system developed by the National Payments Corporation of India (NPCI), was formally launched at the iconic Eiffel Tower in Paris on 2nd February 2024.

ABOUT

- This **significant event marks the global debut of UPI** and is a part of Prime Minister Narendra Modi's vision of **taking UPI to a global level.**
- The **NPCI has tied up with French e-commerce and proximity payments Lyra**, which will help **ensure that the UPI payment mechanism is accepted in France, starting with the Eiffel Tower.**
- This **initiative is expected to facilitate seamless financial transactions** for Indian tourists in France.

ESAF SFB & EDELWEISS TOKIO LIFE PARTNERS TO OFFER LIFE INSURANCE PRODUCTS

Current Context: ESAF Small Finance Bank has entered into a bancassurance partnership with Edelweiss Tokio Life Insurance on 2nd February 2024.

KEY FACTS

- This partnership **aims to enhance the accessibility of innovative life insurance products, leveraging ESAF Small Finance Bank's** presence in rural markets across India.
- K. Paul Thomas, MD and CEO of ESAF Small Finance Bank, stated that this partnership aligns with their goal of providing their customers with a broad range of financial solutions.
- By extending the reach of life insurance to underserved communities, they are taking a significant step towards inclusive financial security.
- Sumit Rai, MD & CEO of Edelweiss Tokio Life Insurance, also expressed that their partnership with ESAF Small Finance Bank will enable them to cement their leadership in this region.
- They plan to collaborate with the Bank to improve their customer understanding in the region to bring innovative and relevant insurance solutions.

RBI APPROVED HDFC BANK GROUP TO ACQUIRE UP TO 9.5 PC IN 6 BANKS

Current Context: The Reserve Bank of India (RBI) has approved the HDFC Bank group to acquire an "aggregate holding" of up to 9.5% of the paid-up share capital or voting rights in six banks.

DETAILS

- **These banks are:**
 - Axis Bank
 - Suryoday Small Finance Bank
 - ICICI Bank
 - Bandhan Bank
 - YES Bank
 - IndusInd Bank
- The term **"aggregate holding"** includes **shareholding by the bank and entities under the same management/control, mutual funds, trustees, and promoter group entities.**
- The **RBI's approval is valid for a period of one year from the date of the RBI's letter**, which is until February 4, 2025.

- **HDFC Bank must ensure that the “aggregate holding” in these six banks does not exceed 9.50% of the paid-up share capital or voting rights** of the respective banks, at all times.
- While **HDFC Bank does not intend to invest in these banks, since the “aggregate holding” of HDFC Bank group was likely to exceed the prescribed limit of 5%**, an application seeking approval of the RBI for increase in investment limits was made.

FEDERAL BANK LAUNCHES RUPAY NCMC WALLET DEBIT CARD

Current Context: Federal Bank launched the RuPay NCMC Wallet Debit Card on Monday, February 5, 2024.

KEY HIGHLIGHTS

- This card is a **dual-interface card supporting both online (contact and contactless) and offline (contactless) transactions.**
- The National Common Mobility Card (NCMC) is a **feature introduced on RuPay Contactless Debit Card which allows cardholders to make payments across NCMC-enabled terminals at metro stations, buses, etc in an offline mode, just by tapping the card on the card reader.**
- To **activate the NCMC functionality and begin using the card for offline transactions, cardholders are required to enable the “contactless feature” through mobile banking, internet banking, or IVR.**
- This initiative is a **step towards streamlining travel experiences by digitising payments.**

SBI TIES UP WITH FLYWIRE TO FOSTER PAYMENTS OF INDIAN STUDENTS ABROAD

Current Context: The State Bank of India (SBI) announced its partnership with Flywire Corporation on February 6, 2024.

ABOUT

- This collaboration is **aimed at revolutionizing the landscape of international education payments for Indian students.**
- Under this partnership, **Flywire’s technology will be integrated directly into the bank’s platform.**

- This integration will **offer Indian students an advanced digital checkout experience** for their international educational payments.
- The services will **range from application to tuition fees, and students can complete transactions effortlessly in Indian rupees within three simple steps** on SBI’s net banking platform.
- This is expected to **provide a seamless and fully digital payment experience, which is an improvement over the existing complex process.**

RBI DECIDED TO KEEP THE REPO RATE UNCHANGED AT 6.5 PER CENT FOR THE SIXTH CONSECUTIVE TIME

Current Context: The Reserve Bank of India (RBI) has indeed decided to keep the repo rate unchanged at 6.5%.

KEY FACTS

- This decision was taken by the **Monetary Policy Committee (MPC) during its bi-monthly policy review.**
- The repo rate is the **rate at which RBI lends money to banks to meet their short-term funding needs.**
- The decision to keep the **repo rate unchanged** is expected to have **several implications:**
 - There is likely to be **no impact on loan Equated Monthly Installments (EMIs).**
 - **Home loan interest rates** are likely to **remain unchanged** in the near term.
 - The decision is **part of an effort to bring down inflation and support growth.**
 - The **RBI’s decision** is based on **various factors such as the current economic conditions, inflation levels, and global uncertainties.**
 - The central bank continues to **focus on aligning inflation towards its target of 4%.**

HDFC BANK LAUNCHED 4 BUSINESS CREDIT CARDS FOR SELF-EMPLOYED COMMUNITY

Current Context: HDFC Bank launched the BizFirst, BizGrow, BizPower, and BizBlack business credit cards on February 6th, 2024.

DETAILS

- These cards were introduced to cater to the needs of the self-employed community, including small and medium-sized businesses (SMEs), professionals, and freelancers.
- They are part of HDFC Bank's SME Payment Solution, which is designed to meet the diverse payment needs of self-employed individuals, SMEs, and MSMEs.
- **Key features** of these business credit cards include:
 - **Up to 55 days free credit period.**
 - **Up to 10X Reward Points on Business Spends** (Bill Payments, Tax Payments, Vendor Payments, Business Travel, Business Productivity Tools).
 - **Specially Curated Business Insurance Package** (Fire & Burglary, Cash in Safe & Transit, Electronic Equipment).
 - **Exclusive Business focused Redemption Catalogue** (Travel & Hotels, Microsoft Office 365, Clear Tax, Amazon for Business, Google Ads).
 - **EMI and Loan on card facility.**

ZOHO, JUSPAY, AND DECENTRO RECEIVED RBI NOD FOR PAYMENT AGGREGATOR BUSINESS

Current Context: The Reserve Bank of India (RBI) has granted final authorization to Zoho, Juspay, and Decentro to operate as payment aggregators.

KEY HIGHLIGHTS

- This approval allows these companies **to provide payment services to online merchants by accepting payments from customers.**
- **Zoho, a software as a service startup,** received the payment aggregator license on February 2.
- It is the **first enterprise SaaS player** to get this nod from the RBI.
- **Juspay and Decentro** received the **final license to operate as payment aggregators** on February 6.
- **Juspay operates as a payment gateway** running a **technology stack for ecommerce payments**, while Decentro offers financial services like lending, KYC, and other services to consumer-facing companies through APIs.
- With this **approval, these companies join the likes of Stripe, Zomato, and Tata Pay**, which got the nod in January.

- Major **fintech players like Razorpay and Cashfree** received the license in 2023.
- This makes a **total of 8 companies** so far that have **secured the coveted payments aggregator license** from the RBI.

TWO MORE RUSSIAN BANKS HAVE REGISTERED AS FOREIGN PORTFOLIO INVESTORS

Current Context: Tinkoff Bank and CentroCredit Bank registered as foreign portfolio investors on February 9, 2024.

ABOUT

- This **brings the total number of FPI registrations from Russia to 10.**
- **Earlier, Sberbank became the first Russian bank** to register with the Indian markets regulator as an FPI.
- **Other Russian banks, including VTB, Sberbank, and Gazprombank,** are also considering becoming FPIs to trade on Indian stock exchanges.
- This is a **significant development in the financial sector** as it indicates a **growing interest in the Indian market among Russian banks.**

KARNATAKA BANK HAS LAUNCHED CENTENARY CAMPAIGN

Current Context: Karnataka Bank, one of India's oldest and most respected Private Sector Banks, has launched its centenary campaign, 'Bharat Ka Karnataka Bank' on 7th February 2024.

KEY FACTS

- This **campaign marks a hundred years of trust, excellence, resilience, and commitment** to serving the nation.
- The campaign **encapsulates the idea that true legacy lies in understanding the need to evolve** with the times.
- It **underscores Karnataka Bank's ability to adapt to the changing times** while staying true to its core values.
- The campaign **aims to strengthen Karnataka Bank's brand awareness, fostering a deeper connection with customers while also inviting new patrons** to be a part of its storied legacy.

- The bank's CEO and managing director, H Srikrishnan, said the milestone exemplifies the bank's unwavering commitment to advancing India's agenda of national financial inclusion.
- Karnataka Bank executive director Sekhar Rao said the 'Bharat Ka Karnataka Bank' campaign denotes the bank's journey towards a tech-driven future, blending tradition with cutting-edge solutions for customers and communities nationwide.

INDIA LAUNCHES UPI SERVICES IN SRI LANKA AND MAURITIUS, AND RUPAY CARD SERVICES IN MAURITIUS

Current Context: India's Unified Payments Interface (UPI) services were introduced in Sri Lanka and Mauritius on Monday, February 12, 2024.

DETAILS

- In addition to UPI, RuPay card services were also launched in Mauritius.
- This allows Mauritian banks to issue cards based on the RuPay mechanism.
- Such cards can be used at ATMs and Point of Sales (POS) terminals in Mauritius as well as in India.
- With this, Mauritius becomes the first country outside Asia to issue cards using RuPay technology.
- These initiatives are expected to facilitate seamless and secure cost-effective payments for customers and strengthen the economic ties between India and these countries.
- They will also benefit travelers and enhance financial integration.

HSBC IN PARTNERSHIP WITH GOOGLE CLOUD FINANCES CLIMATE TECHNOLOGY FIRMS

Current Context: HSBC has partnered with Google Cloud to finance climate technology firms on 8th February 2024.

KEY HIGHLIGHTS

- Under the terms of the partnership, HSBC aims to provide financing to companies selected by Google to join its Google Cloud Ready-Sustainability programme.
- These companies undergo a validation process.

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- The partnership has already resulted in a venture debt financing package from HSBC delivered to GCR-Sustainability-validated company LevelTen Energy.
- This is part of HSBC's ambition to deploy \$1bn of financing to early-stage climate tech companies.
- This initiative is a significant step towards supporting the growth of climate tech vendors and developing solutions for global climate change.

PAYTM E-COMMERCE HAS CHANGED ITSELF TO PAI PLATFORMS

Current Context: Paytm E-commerce has indeed changed its name to Pai Platforms. This change was approved by the Registrar of Companies on February 8, 2024.

ABOUT

- Along with the name change, Pai Platforms has also acquired Bitsila, a seller platform on ONDC.
- This acquisition is expected to strengthen Pai Platforms' presence in the online retail business.
- It manages over 600 million product categories across over 10,000 stores in more than 30 cities.
- The platform caters to various sectors, including grocery, food and beverages, fashion, beauty, personal care (BPC), and home decor.
- Elevation Capital is the largest shareholder in the newly named Pai Platforms.
- It is also backed by Paytm Founder and CEO Vijay Shekhar Sharma, Softbank, and eBay.

ALL SCHEDULED COMMERCIAL BANKS SAW A DECREASE IN CURRENT ACCOUNT DEPOSITS

Current Context: The current account (CA) deposits of all scheduled commercial banks have indeed seen a decrease.

KEY FACTS

- According to the RBI's Report on Trend and Progress of Banking in India, CA deposits declined to 10.13% of their overall deposits in 2023 from 10.43% in 2022.
- This decrease is largely attributed to the government's adoption of the JIT (just-in-time) principle for the release of funds.

- This principle, **applied to all payments including centrally sponsored schemes, has improved the government's efficiency** in managing funds and reduced the float available to banks.
- The Chairman of the State Bank of India (SBI), **Dinesh Kumar Khara, noted that the float available in the current account has shrunk due to the government adopting the JIT system** for the release of funds and cash management.
- However, SBI has **diversified its options in terms of raising current account deposits.**

RBI, NEPAL RASTRA BANK SIGN PACT FOR UPI-NPI LINKAGE

Current Context: The Reserve Bank of India (RBI) and Nepal Rastra Bank (NRB) have signed a pact for the integration of India's Unified Payments Interface (UPI) with Nepal's National Payments Interface (NPI) on Thursday, February 15, 2024.

DETAILS

- This integration **aims to facilitate seamless cross-border remittances** between India and Nepal.
- The **collaboration between RBI and NRB in linking their fast payment systems** through the UPI-NPI linkage will further deepen financial connectivity and reinforce the enduring historical, cultural, and economic ties between the two countries.
- The necessary systems will be **put in place for interlinking of UPI and NPI, and the formal launch of the linkage** i.e., commencement of operations will be done at a later date.

RBI IDENTIFIES UNAUTHORIZED BPSP OPERATIONS IN ONE CARD NETWORK

Current Context: On February 15, 2024, the Reserve Bank of India (RBI) stated unauthorized Business Payment Solution Provider (BPSP) operations by one unnamed card network.

KEY HIGHLIGHTS

- **Key points:**
 - **Unapproved arrangement:** The RBI identified an arrangement facilitated by a card network that allowed businesses to use intermediaries to make card payments to entities that don't accept card payments directly.

- **Concerns:** This arrangement raised concerns about bypassing card acceptance protocols and potentially violating the Payment and Settlement Systems Act (PSS Act).
- **Only one network:** While the RBI didn't name the specific network, they clarified that only one card network had implemented this arrangement in India so far.
- **Action taken:** The RBI directed the unnamed network to stop this unauthorized practice and keep all such arrangements on hold until further investigation.

FEDERAL BANK LAUNCHES STELLAR SAVINGS ACCOUNT & MASTERCARD ENABLED STELLAR DEBIT CARD

Current Context: Federal Bank has launched the Stellar Savings Account and the MasterCard enabled Stellar Debit Card.

KEY FACTS

- Here are some key features of these offerings:
 - **Stellar Savings Account:**
 - **Milestone Rewards:** Earn Reward Points when you complete milestones and get accelerated reward points when you spend using your Debit Card.
 - **Complimentary One Year Wellness Plan:** This includes Fitness tracking, psychologist consults, telemedicine, and offline care.
 - **Complimentary Insurance Cover:** Coverage includes Personal Accident Cover, Disability Cover, and Hospital Cash.
 - **Powerpacked Eco Friendly Debit Card:** Save up to ₹50,000* per year using the Debit Card offers on your Stellar Debit Card.
 - **MasterCard enabled Stellar Debit Card:**
 - Mastercard has **launched the MDES (Mastercard Digital Enablement Service) Token Connect** in India to enable card-on-file and device tokens for debit and credit cards through issuer banks' mobile and internet banking channels.
 - **MDES Token Connect is a consumer-centric platform that supports issuer-initiated tokenization.**
 - It **aims to provide a convenient and secure way** for cardholders to transact online.

- Issuer banks can easily integrate their mobile and Internet banking platforms with MDES Token Connect.
- These offerings are part of Federal Bank's commitment to providing innovative solutions that meet the evolving needs of its customers.

BOBCARD & NPCI LAUNCHED INDIA'S SECOND CORPORATE CREDIT CARD ON THE RUPAY NETWORK

Current Context: On February 14, 2024, BOBCARD Limited, a wholly-owned subsidiary of Bank of Baroda, and National Payments Corporation of India (NPCI) launched India's second Corporate Credit Card on the RuPay Network.

ABOUT

- This card offers a range of benefits including complimentary lounge access, fuel surcharge waiver, personal accidental death insurance cover, and an attractive rewards program for various business transactions.
- It also provides the convenience of linkage with UPI through any UPI-enabled app.
- This launch is a significant step towards enhancing credit card penetration in the country, contributing to the overall growth and development of the economy.

LIC LAUNCHES A NEW INSURANCE PLAN 'LIC AMRITBAAL PLAN 874' FOR CHILDREN

Current Context: The Life Insurance Corporation of India (LIC) has launched a new insurance plan called 'LIC Amritbaal Plan 874'.

DETAILS

- Here are some key details about this plan:
 - It is a **Non-Linked, Non-Participating, Individual, Savings, Life Insurance plan**.
 - The plan is specifically **designed to meet the higher education and other financial needs of your child and provides risk cover on the life** of the child during the policy term.
 - It **facilitates the accumulation of corpus through Guaranteed Addition of Rs. 80 per 1000 Basic Sum Assured** throughout the Policy Term.

- The plan **offers flexibility in premium payment with options for single premium and limited premium payment**.
- The plan also **offers a premium waiver rider for child safety**.
- The paid **premiums are exempted from income tax under section 80C**, and the maturity amount is tax-free under section 10 (10D).
- The **plan allows you to choose the maturity age from 18 to 25 years** for the various needs of your child.
- You can **opt for payment of benefit in installments**.
- **Loan benefits are available with 1% less interest charge if the loan is taken on a girl child's policy**.

GOA & WORLD BANK PARTNERS TO LAUNCH BLENDED FINANCE FACILITY FOR CLIMATE RESILIENCE

Current Context: The Government of Goa has partnered with the World Bank to establish a pioneering Blended Finance facility aimed at bolstering climate resilience.

KEY HIGHLIGHTS

- This **initiative was announced on February 20, 2024**, by Chief Minister Dr. Pramod Sawant.
- This will be the **first-of-its-kind, climate-focused, multi-sectoral facility at a subnational level** that will **enable Goa to access and mobilize concessional finance** to implement low-carbon and climate-resilient investments.
- The **facility includes public, private, international, and domestic climate finance**.
- The key areas that will **benefit from blended finance investments include e-mobility and related infrastructure, renewable energy, biodiversity conservation, coastal protection, and green tourism**.

PAYMART INDIA PARTNERED WITH 5 INDIAN BANKS TO INTRODUCE INDIA'S 1ST 'VIRTUAL ATM'

Current Context: Paymart India has introduced a service called the 'Virtual ATM'.

KEY FACTS

- This **service allows users to withdraw cash** from nearby shops using their smartphones, eliminating the **need to visit a traditional ATM or remember their card PIN**.
- Here's **how it works**:
 - **Use your mobile banking app** to initiate a **withdrawal request from your bank**.
 - The **bank generates an OTP and shares** it with you through the registered number.
 - **Show the OTP to the nearest shop** empaneled with PayMart to collect cash from the shopkeeper.

RBI PERMITS PPIS FROM APPROVED ENTITIES FOR PUBLIC TRANSIT PAYMENTS

Current Context: The Reserve Bank of India (RBI) has recently made an amendment to its Master Direction on Prepaid Payment Instruments (PPIs).

ABOUT

- This **amendment allows authorized bank and non-bank issuers** to issue PPIs for making payments across various public transport systems.
- **Public transport systems** across India cater to a multitude of commuters on a daily basis.
- The **aim of this amendment is to provide convenience, speed, affordability, and safety of digital modes of payment** to these commuters for transit services.
- The **Master Directions on PPIs prescribes the various types of PPIs which banks and non-banks** can issue after obtaining necessary approval or authorization from RBI.
- With this amendment, the **paragraph 10.2 of the Master Directions has been updated**.
- These **instructions were issued under Section 18 read with Section 10 (2) of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007)** and came into effect immediately.
- This is a **significant step towards enhancing the digital payment infrastructure** in public transportation.

RBI HAS APPROVED HDFC BANK FOR SALE OF 90% OF STAKE IN HDFC CREDILA

Current Context: The Reserve Bank of India (RBI) has approved HDFC Bank's sale of a 90% stake in HDFC Credila to ChrysCapital and BPEA EQT on 23rd February 2024.

DETAILS

- This **move is expected to boost HDFC Bank's income** in the fourth quarter.
- The **entire investment in HDFC Credila** was transferred from HDFC Ltd, the parent housing finance company, to HDFC Bank when the two entities were amalgamated on July 1 of the previous year.
- **Bank analysts predict that HDFC Bank's other income for the fourth quarter** will reflect about Rs 9000 crore as earnings from selling its stake in HDFC Credila.
- The **housing finance company had agreed to sell its stake to private equity firm ChrysCapital** and BPEA EQT.
- As part of the **transaction post-stake sale completion, the new investors** have agreed to bring in a **fresh equity infusion of Rs 2,000 crore to support growth in operations**.
- The **balance Rs 1,300 crore would be made available** on a need basis by the new promoter.

THE FINANCIAL LITERACY IDEATHON HAS BEEN ANNOUNCED BY RBI

Current Context: The Reserve Bank of India (RBI) is observing the Financial Literacy Week (FLW) 2024 from February 26 to March 1, 2024, with the theme "Make a Right Start – Become Financially Smart".

KEY HIGHLIGHTS

- As part of the **FLW campaign of 2024, RBI has announced a Financial Literacy Ideathon**.
- This **Ideathon is aimed at soliciting innovative ideas from postgraduate students** on creative strategies to propagate financial literacy among the youth.
- The goal is **to empower them to engage in responsible financial behaviour and make informed financial decisions**.

RBI IMPOSED PENALTY OF RS.3 CR OF SBI, CUB, CANARA BANK & OCEAN CAPITAL MARKET

Current Context: The Reserve Bank of India (RBI) has imposed penalties on several banks and a financial company for non-compliance with certain regulations on 26th February 2024.

KEY FACTS

- Here are the details:
 - **State Bank of India (SBI):** A penalty of Rs 2 crore was imposed on SBI for shortcomings in regulatory compliance, including holding shares exceeding 30% of the paid-up share capital of certain companies as a pledgee and failing to deposit the eligible amount into the Depositor Education and Awareness Fund within the specified timeframe.
 - **Canara Bank:** Canara Bank was fined Rs 32.30 lakh for failing to comply with specific directives issued by the RBI. These directives pertained to 'Data Format for Furnishing of Credit Information to Credit Information Companies and other Regulatory Measures', 'Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)', and 'Resolution Framework - 2.0: Resolution of Covid-19 Related Stress of Individuals and Small Businesses'.
 - **City Union Bank Limited (CUB):** A penalty of Rs 66 lakh was imposed on CUB for non-compliance with certain directions issued by the RBI on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning about Advances — Divergence in NPA Accounts' and Know Your Customer Directions.
 - **Ocean Capital Market Ltd:** Ocean Capital Market Ltd, based in Rourkela, Odisha, was fined Rs 16 lakh for failing to adhere to certain provisions outlined in the "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016" as well as specific directives issued by the RBI to the company regarding the submission of returns on the XBRL platform.

INNOVITI & RBL BANK PARTNERED TO SET UP OMNIUM, A PAYMENT PLATFORM FOR PROGRESSIVE RETAILERS

Current Context: On 27th February 2024, Innoviti Technologies Pvt. Ltd., India's largest payments-based SaaS tools company, and RBL Bank, one of India's leading private

sector banks, have partnered to set up a state-of-the-art omnichannel payments platform called Omnium.

ABOUT

- This platform **aims to unlock value hidden in a retailer's data and business processes, helping them grow faster** and with lesser efforts.
- Omnium **integrates with RBL Bank's modern banking and payment Application Programming Interfaces (APIs)**, enabling a fast, seamless, and secure payment integration.
- Omnium **allows the retailer to integrate their business processes across HR, ERP, and marketing platforms** with payment events to enable a precise measurement of their impact.
- It also **enables consumer journeys that cut across online and offline consumer touchpoints**.
- Key features of **Omnium include product-specific payment promotions, price and promotion benchmarking**, real-time attribution of transactions to promotion, and budget sharing through collaborative and targeted promotions.

THE "ENABLING FRAMEWORK FOR REGULATORY SANDBOX" HAS BEEN UPDATED BY RBI

Current Context: The Reserve Bank of India (RBI) has indeed updated the 'Enabling Framework for Regulatory Sandbox' on 28th February 2024.

DETAILS

- The updates were **based on the experience gained over the last four and a half years in running four cohorts** and feedback received from FinTechs, banking partners, and other stakeholders.
- **Here are some key updates:**
 - The **timelines of the various stages of the Regulatory Sandbox** process have been revised from seven months to nine months.
 - The updated **framework now requires sandbox entities to ensure compliance with provisions of the Digital Personal Data Protection Act, 2023**.
 - The **'Enabling Framework for Regulatory Sandbox'** was initially placed on the RBI website on August 13, 2019, after wide-ranging consultations with stakeholders.

- The objective of the Regulatory Sandbox (RS) is to **foster responsible innovation in financial services, promote efficiency, and bring benefit to consumers.**

BANKING AWARENESS QUESTION BANK: FEBRUARY 2024

Q.1 What is the projected dividend income from the RBI and public sector financial institutions for the financial year 2025?

- a) Rs 1.04 lakh crore
- b) Rs 1.02 lakh crore
- c) Rs 1.50 lakh crore
- d) Rs 87,416 crore
- e) None of these

Answer (b): The government has projected a dividend income of Rs 1.02 lakh crore from the Reserve Bank of India (RBI) and public sector financial institutions for the financial year 2025.

Q.2 Who are allowed to remit advance payment for eleven days for the import of gold through the India International Bullion Exchange IFSC Ltd (IIBX)?

- a) Tariff Rate Quota (TRQ) holders under the India-United Arab Emirates (UAE) Comprehensive Economic Partnership Agreement (CEPA)
- b) Tariff Rate Quota (TRQ) holders under the India-United States (US) Comprehensive Economic Partnership Agreement (CEPA)
- c) Tariff Rate Quota (TRQ) holders under the India-United Kingdom (UK) Comprehensive Economic Partnership Agreement (CEPA)
- d) Tariff Rate Quota (TRQ) holders under the India-Canada Comprehensive Economic Partnership Agreement (CEPA)
- e) None of these

Answer (a): The RBI has allowed Tariff Rate Quota (TRQ) holders under the India-United Arab Emirates (UAE) Comprehensive Economic Partnership Agreement (CEPA) to remit advance payment for eleven days for the import of gold through the India International Bullion Exchange IFSC Ltd (IIBX) against the TRQ.

Q.3 Which French company has NPCI tied up with for the UPI payment mechanism?

- a) BNP Paribas
- b) Crédit Agricole

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- c) Lyra
- d) Société Générale
- e) None of these

Answer (c): The NPCI has tied up with French e-commerce and proximity payments Lyra, which will help ensure that the UPI payment mechanism is accepted in France, starting with the Eiffel Tower.

Q.4 Who is the MD and CEO of ESAF Small Finance Bank?

- a) Sumit Rai
- b) K. Paul Thomas
- c) Ratan Tata
- d) Mukesh Ambani
- e) None of these

Answer (b): K. Paul Thomas, MD and CEO of ESAF Small Finance Bank.

Q.5 What is the maximum percentage of the paid-up share capital or voting rights that HDFC Bank can acquire in the six banks?

- a) 5%
- b) 9.5%
- c) 10%
- d) 15%
- e) None of these

Answer (b): The Reserve Bank of India (RBI) has approved the HDFC Bank group to acquire an “aggregate holding” of up to 9.5% of the paid-up share capital or voting rights in six banks.

Q.6 What does NCMC stand for in the context of the RuPay NCMC Wallet Debit Card?

- a) National Common Mobility Card
- b) National Common Monetary Card
- c) National Common Market Card
- d) National Common Money Card
- e) None of these

Answer (a): The National Common Mobility Card (NCMC) is a feature introduced on RuPay Contactless Debit Card which allows cardholders to make payments across NCMC-enabled terminals at metro stations, buses, etc in an offline mode, just by tapping the card on the card reader.

Q.7 What is the main aim of the partnership between SBI and Flywire Corporation?

- a) To provide loans to students
- b) To revolutionize the landscape of international education payments for Indian students
- c) To offer credit cards to students
- d) To provide scholarships to students
- e) None of these

Answer (b): This collaboration is aimed at revolutionizing the landscape of international education payments for Indian students.

Q.8 What is the repo rate decided by the Reserve Bank of India (RBI)?

- a) 7%
- b) 5%
- c) 6.5%
- d) 4%
- e) None of these

Answer (c): The Reserve Bank of India (RBI) has indeed decided to keep the repo rate unchanged at 6.5%.

Q.9 What is the maximum free credit period offered by HDFC business credit cards?

- a) Up to 45 days
- b) Up to 55 days
- c) Up to 65 days
- d) Up to 75 days
- e) None of these

Answer (b): Up to 55 days free credit period.

Q.10 Which company is the first enterprise SaaS player to receive the payment aggregator license from the RBI?

- a) Juspa
- b) Decentro
- c) Zoho
- d) Stripe
- e) None of these

Answer (c): Zoho, a software as a service startup, received the payment aggregator license on February 2. It is the first enterprise SaaS player to get this nod from the RBI.

Q.11 Which banks registered as foreign portfolio investors (FPIs) on February 9, 2024?

- a) Sberbank and Gazprombank
- b) VTB and Sberbank

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- c) Tinkoff Bank and CentroCredit Bank
- d) All of the above
- e) None of the above

Answer (c): Tinkoff Bank and CentroCredit Bank registered as foreign portfolio investors on February 9, 2024.

Q.12 What is the name of the centenary campaign launched by Karnataka Bank?

- a) Bharat Ka Bank
- b) Bharat Ka Karnataka Bank
- c) Karnataka Ka Bharat Bank
- d) Karnataka Bank Ka Bharat
- e) None of these

Answer (b): Karnataka Bank, one of India's oldest and most respected Private Sector Banks, has launched its centenary campaign, 'Bharat Ka Karnataka Bank' on 7th February 2024.

Q.13 Mauritius becomes the first country outside Asia to issue cards using which technology?

- a) Visa
- b) Mastercard
- c) American Express
- d) RuPay
- e) None of these

Answer (d): Mauritius becomes the first country outside Asia to issue cards using RuPay technology.

Q.14 Who has HSBC partnered with to finance climate technology firms?

- a) Microsoft Azure
- b) Amazon Web Services
- c) Google Cloud
- d) IBM Cloud
- e) None of these

Answer (c): HSBC has partnered with Google Cloud to finance climate technology firms on 8th February 2024.

Q.15 What is the new name of Paytm E-commerce?

- a) Paytm Platforms
- b) Pai Platforms
- c) Pay Platforms
- d) Pi Platforms
- e) None of these

Answer (b): Paytm E-commerce has indeed changed its name to Pai Platforms. This change was approved by the Registrar of Companies on February 8, 2024.

Q.16 What principle did the government adopt that resulted in a decrease in CA deposits?

- a) First-In-First-Out (FIFO)
- b) Last-In-First-Out (LIFO)
- c) Just-In-Time (JIT)
- d) Economic Order Quantity (EOQ)
- e) None of these

Answer (c): This decrease is largely attributed to the government's adoption of the JIT (just-in-time) principle for the release of funds.

Q.17 Which two banks have signed a pact for the integration of India's UPI with Nepal's NPI?

- a) The Federal Reserve and Nepal Rastra Bank
- b) The Reserve Bank of India and Nepal Rastra Bank
- c) The Reserve Bank of India and The Federal Reserve
- d) The Federal Reserve and The Reserve Bank of India
- e) None of these

Answer (b): The Reserve Bank of India (RBI) and Nepal Rastra Bank (NRB) have signed a pact for the integration of India's Unified Payments Interface (UPI) with Nepal's National Payments Interface (NPI) on Thursday, February 15, 2024.

Q.18 How many new branches does IOB plan to open across India during the year?

- a) 44
- b) 66
- c) 88
- d) 100
- e) None of these

Answer (c): IOB plans to open 88 new branches across India during the year.

Q.19 What action did the RBI take against the unnamed card network?

- a) Imposed a fine
- b) Directed the network to stop the unauthorized practice
- c) Took no action
- d) Encouraged the practice

- e) None of these

Answer (b): The RBI directed the unnamed network to stop this unauthorized practice and keep all such arrangements on hold until further investigation.

Q.20 What is one of the benefits of the Stellar Savings Account?

- a) Milestone Rewards
- b) Free movie tickets
- c) Discount on groceries
- d) Free flight tickets
- e) None of these

Answer (a): Earn Reward Points when you complete milestones and get accelerated reward points when you spend using your Debit Card.

Q.21 What are some of the benefits of the Corporate Credit Card on the RuPay Network?

- a) Complimentary lounge access and fuel surcharge waiver
- b) Personal accidental death insurance cover
- c) Attractive rewards program for various business transactions
- d) All of the above
- e) None of the above

Answer (d): This card offers a range of benefits including complimentary lounge access, fuel surcharge waiver, personal accidental death insurance cover, and an attractive rewards program for various business transactions.

Q.22 What type of insurance plan is 'LIC Amritbaal Plan 874'?

- a) Linked, Participating, Group, Investment, Life Insurance plan
- b) Non-Linked, Non-Participating, Individual, Savings, Life Insurance plan
- c) Linked, Participating, Individual, Investment, Life Insurance plan
- d) Non-Linked, Participating, Group, Savings, Life Insurance plan
- e) None of these

Answer (b): It is a Non-Linked, Non-Participating, Individual, Savings, Life Insurance plan.

Q.23 Who announced the establishment of the Blended Finance facility in Goa?

- a) Prime Minister of India
- b) President of the World Bank
- c) Chief Minister Dr. Pramod Sawant
- d) Governor of Goa
- e) None of these

Answer (c): Chief Minister Dr. Pramod Sawant announced the establishment of the Blended Finance facility in Goa.

Q.24 What is the name of the service introduced by Paymart India?

- a) Mobile ATM
- b) Virtual ATM
- c) Digital Wallet
- d) E-Banking
- e) None of these

Answer (b): Paymart India has introduced a service called the 'Virtual ATM'.

Q.25 What recent amendment has the Reserve Bank of India (RBI) made to its Master Direction on Prepaid Payment Instruments (PPIs)?

- a) It allows only bank issuers to issue PPIs for making payments across various public transport systems.
- b) It allows authorized bank and non-bank issuers to issue PPIs for making payments across various public transport systems.
- c) It allows only non-bank issuers to issue PPIs for making payments across various public transport systems.
- d) It disallows both bank and non-bank issuers from issuing PPIs for making payments across various public transport systems.
- e) None of these

Answer (b): This amendment allows authorized bank and non-bank issuers to issue PPIs for making payments across various public transport systems.

Q.26 Who approved HDFC Bank's sale of a 90% stake in HDFC Credila?

- a) The Competition Commission of India (CCI)
- b) HDFC Ltd
- c) The Reserve Bank of India (RBI)

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- d) ChrysCapital and BPEA EQT
- e) None of these

Answer (c): The Reserve Bank of India (RBI) has approved HDFC Bank's sale of a 90% stake in HDFC Credila to ChrysCapital and BPEA EQT on 23rd February 2024.

Q.27 When is the Financial Literacy Week (FLW) 2024 observed by the Reserve Bank of India (RBI)?

- a) February 26 to March 1, 2024
- b) January 26 to February 1, 2024
- c) March 26 to April 1, 2024
- d) April 26 to May 1, 2024
- e) None of these

Answer (a): The Reserve Bank of India (RBI) is observing the Financial Literacy Week (FLW) 2024 from February 26 to March 1, 2024, with the theme "Make a Right Start – Become Financially Smart".

Q.28 How much was the penalty imposed on Canara Bank by the RBI?

- a) Rs 32.30 lakh
- b) Rs 2 crore
- c) Rs 66 lakh
- d) Rs 16 lakh
- e) None of these

Answer (a): Canara Bank was fined Rs 32.30 lakh for failing to comply with specific directives issued by the RBI.

Q.29 What is the main aim of the Omnium platform?

- a) To provide online banking services
- b) To provide insurance services to retailers
- c) To provide loans to retailers
- d) To unlock value hidden in a retailer's data and business processes
- e) None of these

Answer (d): Omnium allows the retailer to integrate their business processes across HR, ERP, and marketing platforms with payment events to enable a precise measurement of their impact.

Q.30 What is the revised timeline for the various stages of the Regulatory Sandbox process?

- a) Six months
- b) Seven months

- c) Eight months
- d) Nine months
- e) None of these

Answer (d): The timelines of the various stages of the Regulatory Sandbox process have been revised from seven months to nine months.